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RUEHBY/AMEMBASSY CANBERRA PRIORITY 0709
RUEHLI/AMEMBASSY LISBON PRIORITY 0627
RUEHLO/AMEMBASSY LONDON PRIORITY 0465
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RUEHWL/AMEMBASSY WELLINGTON PRIORITY 0566
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C O N F I D E N T I A L SECTION 01 OF 03 DILI 000394

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SUBJECT: EAST TIMOR UPDATE JULY 24-31, 2006

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CLASSIFIED BY: Elizabeth S. Wharton, Political Officer, Embassy
Dili, State.
REASON: 1.4 (b)

11. (U) Summary:

Continued repercussions of Reinado arrest
Prime Minister presents his Government Program to Parliament
Council of State extends the "State of Crisis" through August 20
International Commission of Inquiry: Briefing by the Executive
Director
End summary.

Continued repercussions of Reinado arrest

12. (U) Although the pro-Reinado demonstrations dissipated on
Friday and have yet to resume, participants appear to have made
good on their promise to disperse throughout the city and create
disturbances (Ref A). Their numbers appear to be quite small,
in the range of a dozen to several dozens, but their effect is
being felt more widely, with many residents reporting sharply
increased security worries. A dozen or more houses were burned
since Friday, and a small number of house burnings or
destruction continues each night.

13. (SBU) Members of one of the groups involved relayed to
Embassy staff that this renewed violence was a direct response
to the Reinado arrest and that their goals is to destroy all the
remaining Lorosae (eastern) houses and belongings in Dili. In
reality, the disturbances seem to be limited to a number of
major neighborhoods affected by the recent crisis where some
"Lorosae" empty houses had remained standing but nearly or
entirely emptied of their "Lorosae" population. The group
members went on to explain that they have adjusted their
activities to account for the international police, but by
targeting a small number of houses each night and staying in
regular contact through newly-acquired cell phones, they are
effectively evading arrest.

¶ 14. (SBU) The National Front for Justice and Peace (FNJP) also remains seized with the Reinado arrest issue and continues to plan demonstrations. One of the group's leaders, Vital dos Santos, relayed to Emboff that they are meeting this week to prepare demonstrations for next week to demand the dissolution of Parliament and a "fair judicial process" for all involved in recent events. Dos Santos described the youth group that organized last week's demonstrations as "separate" but sharing the same goals. When organizing the anti-Alkatiri demonstrations in June, the FNJP remained non-violent and disassociated themselves from Loromonu-Lorosae dynamics. It remains to be seen whether their sympathy with the pro-Reinado demonstrators indicates that they are now ready to dispense with such niceties.

¶ 15. (SBU) Meanwhile, Reinado who last week was assigned to 30 days preventative detention while his case is investigated, was moved over the weekend from the Joint Task Force (JTF) detention facility to Becora prison in Dili, where he is reportedly in solitary confinement. According to one of his lawyers, the prison director is trying to have Reinado moved to a prison outside of Dili because of his confrontational behavior since arrival. The Australian-led JTF refused his initial suggestion of Gleno prison (in the western district of Ermera), so he is now proposing Baucau prison (in the East). JTF sources confirmed that they had refused the request to move Reinado to Gleno due to concerns that the population would attempt to forcibly free him. However, they did not indicate whether the Baucau request would be refused as well. A move to Baucau would be as problematic for different reasons. As one observer put it, if Reinado is moved to Baucau "he will be lynched." Moreover, a move to the East would inflame Reinado's western supporters. (Note: There is no "high security" prison in East Timor for problem inmates, and if anything the district prisons are less secure, so the justification for such a move is unclear.)

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Prime Minister presents Government Program to Parliament

¶ 16. (U) Prime Minister Jose Ramos-Horta on July 31 presented his Government program to the National Parliament, noting in the presentation that his government was essentially adopting the same program and budget as its predecessor the Alkatiri government for two main reasons. First, it is a program based on the National Development Plan and thus consistent with the nation's long-term needs. Second, the circumstances under which he became Prime Minister did not allow him to implement radical changes. The program and budget under discussion cover only the period of this government's mandate through May 20, 2007, rather than the full fiscal year through June 30.

¶ 17. (C) Discussion of the program continued today (August 1) and will possibly last for another day or more. An advisor to the President of Parliament relayed to Emboff that the number and nature of the questions coming from the MPs indicates that Parliament could vote to reject the program. However, a reliable Embassy source confirmed that he observed a meeting between former Prime Minister Mari Alkatiri, apparently in his continued role as Secretary General of the ruling Fretilin party, and the Fretilin MPs on July 30. Ramos-Horta and his two Deputy Prime Ministers were also in attendance. Our source noted that this meeting indicated there is "no doubt that this budget and program will be passed."

Council of State extends the "State of Crisis" through August 20

¶ 18. (U) The Council of State on July 31 agreed to another extension of the "State of Crisis" originally declared by President Xanana Gusmao on May 30 (DILI 275). Under the State of Crisis, which falls short of a formal State of Emergency, the President assumed responsibility for defense and national security, including the Ministries of Defense and Interior, the military, and the national police. The current extension is

intended to last through the deployment of a new UN mission, expected August 21. In a Presidential Statement issued following the decision, Gusmao stated that, "Significant progress has been made~ However, the humanitarian situation continues to be very serious ~ [and] the situation is still very precarious, particularly in Dili."

UN Commission of Inquiry: Briefing by the Executive Director

¶9. (U) The Executive Director of the UN Independent Special Commission of Inquiry, Luc Cote, last week briefed Charge and Embooffs on its composition and mandate. The Commission was established in response to the June 8 request from then Foreign and Defense Minister Ramos-Horta and commenced its three-month mandate on July 7. Cote provided an overview of the Commission's composition, noting that the three Commissioners --- Paulo Sergio Pinheiro of Brazil, Zelda Holtzman of South Africa and Ralph Zacklin of the United Kingdom --- were chosen partially because they had no prior experience in East Timor and would therefore conduct their work with no preconceptions. The Commission's secretariat, however, includes several experts with extensive background in East Timor. It comprises six investigators, two legal advisors and a political advisor. Members of the secretariat will remain in East Timor throughout the Commission's mandate. The three commissioners will come to East Timor twice, first from August 4-12 and again for two weeks in September.

¶10. (SBU) Cote emphasized that the Commission's mandate is focused on the events of April 28-29 and May 23-25 only. However, it is possible -- in fact likely -- that a complete understanding of these events will necessitate examination of developments preceding and following these dates. In investigating these events, the Commission will incorporate the work already done by international police, the UN Human Rights Unit, the Provedor (Ombudsman), non-governmental organizations, and the office of the Prosecutor General. He does not believe the basic investigation of what occurred will be difficult, as much of the work has already been done. What will be more difficult is developing conclusions regarding responsibility for

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the events, especially at the institutional and command level.

¶11. (SBU) The Commission will present its report to the Secretary General and East Timor's National Parliament by

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October 7. The Commission's terms of reference do not specify what will be included in the report and Cote stated that they are already struggling with the question of naming names. In addition to its accounting of the events of April 28-29 and May 23-25, the report will include recommendations for both East Timor officials and the international community. Cote noted that they have endeavored to convey that the Commission is not a judicial organ, and as such can only make recommendations regarding the appropriate judicial and accountability measures.

WHITMAN